HERTZ LITHIUM INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2023 AND 2022 (UNAUDITED)

(Expressed in Canadian Dollars)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Professional Chartered Accountants for a review of interim financial statements by an entity's auditor.

December 27, 2023

HERTZ LITHIUM INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note		As at October 31, 2023		July 31, 2023
ASSETS					
Current assets					
Cash		**$**	**222,161**	$	580,065
Prepaid expenses	5		**553,304**		82,539
Due from related parties	8		**4,840**		-
Tax receivable			**24,376**		3,816
Deferred financing costs			**4,749**		-
Total current assets			**809,430**		666,420
Non-current assets					
Exploration and evaluation properties	6		**6,816,812**		542,901
Total assets		**$**	**7,626,242**	$	1,209,321
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**246,714**	$	111,521
Due to related parties	8		**298,189**		80,936
			544,903		192,457
Non-current liabilities					
Due to related parties	8		**109,389**		103,916
Total liabilities			**654,292**		296,373
SHAREHOLDERS' EQUITY					
Share capital	7		**8,668,967**		2,114,142
Reserves	7		**286,566**		281,855
Accumulated other comprehensive income (loss)			**11,608**		(20,628)
Deficit			**(1,995,191)**		(1,462,421)
Total shareholders' equity			**6,971,950**		912,948
Total liabilities and shareholders' equity		**$**	**7,626,242**	$	1,209,321

Going concern (*Note 1*)
Subsequent event (*Note 14*)

APPROVED BY THE BOARD OF DIRECTORS ON DECEMBER 27, 2023

ON BEHALF OF THE BOARD

/s/ Bala Pratap Reddy
Bala Pratap Reddy, Director

/s/ Robert W. Barker
Robert W. Barker, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

HERTZ LITHIUM INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

		Three months ended	
	Note	**October 31, 2023**	October 31, 2022
Expenses:			
Advertisement and marketing		**$ 199,567**	$ 45,946
Legal fees		**109,770**	29,975
Management fee	8	**85,500**	43,050
Consulting fees	8	**48,420**	10,045
Accounting fees	8	**35,944**	12,701
Transfer agent and filing fees		**12,356**	24,370
Director fees	8	**11,252**	16,130
Office, telephone and miscellaneous		**5,120**	768
Share-based compensation	7	**5,011**	74,968
Technology license fee		**-**	10,738
Property investigation		**-**	12,415
Total expenses		**(512,940)**	(281,106)
Other expenses:			
Foreign exchange loss		**(19,830)**	(146)
Net loss		**$ (532,770)**	$ (281,252)
Other comprehensive income (loss)			
Exchange differences on translation of foreign operations		**32,236**	(4,713)
Net and comprehensive loss for the periods		**(500,534)**	(285,965)
Net and comprehensive loss per share - basic and diluted		**$ (0.02)**	$ (0.02)
Weighted average number of shares outstanding		**34,072,090**	13,641,468

HERTZ LITHIUM INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Share capital			Reserves				
	Number of shares	Amount $	Shares to be issued $	Share-based payment reserve $	Warrants reserve	Accumulated other comprehensive income (loss) $	Deficit $	Total $
	(Note 7)			(Note 7)				
Balance, July 31, 2022	**7,140,001**	**166,037**	**86,250**	**-**	**-**	**-**	**(197,593)**	**54,694**
Shares issued for private placement	4,045,000	480,625	(86,250)	-	-	-	-	394,375
Shares issued for property acquisition	6,000,000	150,000	-	-	-	-	-	150,000
Share issuance cost	-	(4,617)	-	-	-	-	-	(4,617)
Share-based compensation	-	-	-	74,968	-	-	-	74,968
Net and comprehensive loss	-	-	-	-	-	(4,713)	(281,252)	(285,965)
Balance, October 31, 2022	**17,185,001**	**792,045**	**-**	**74,968**	**-**	**(4,713)**	**(478,845)**	**383,455**
Shares issued for property acquisition	240,000	30,000	-	-	-	-	-	30,000
Shares issued in IPO, net of issuance cost	12,852,000	1,310,350	-	-	-	-	-	1,310,350
Warrant issued to IPO agent	-	(64,330)	-	-	64,330	-	-	-
Shares issued to IPO agent	200,000	-	-	-	-	-	-	-
Share issued for warrants exercise	52,180	12,929	-	-	(156)	-	-	12,773
Shares issued for options exercise	100,000	33,148	-	(14,148)	-	-	-	19,000
Share-based compensation	-	-	-	156,861	-	-	-	156,861
Net and comprehensive loss	-	-	-	-	-	(15,915)	(983,576)	(999,491)
Balance, July 31, 2023	**30,629,181**	**2,114,142**	**-**	**217,681**	**64,174**	**(20,628)**	**(1,462,421)**	**912,948**
Shares issued for warrants exercise	2,144,200	535,825	-	-	(300)	-	-	535,525
Shares issued for acquisition of Canuck	23,150,001	6,019,000	-	-	-	-	-	6,019,000
Share-based compensation	-	-	-	5,011	-	-	-	5,011
Net and comprehensive loss	-	-	-	-	-	32,236	(532,770)	(500,534)
Balance, October 31, 2023	**55,923,382**	**8,668,967**	**-**	**222,692**	**63,874**	**11,608**	**(1,995,191)**	**6,971,950**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

HERTZ LITHIUM INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Three months ended	
	October 31, 2023	October 31, 2022
Cash Provided By (Used In)		
Operating Activities		
Net loss for the periods	**$ (532,770)**	$(285,965)
Adjustments for non-cash items:		
Share-based compensation	**5,011**	74,968
Changes in working capital:		
Prepaid expenses	**(470,765)**	(9,421)
Tax receivable	**(20,560)**	-
Deferred financing costs	**(4,749)**	-
Due from related parties	**(4,840)**	-
Due to related parties	**217,253**	54,241
Accounts payable and accrued liabilities	**135,193**	89,894
Net cash used in operating activities	**(676,227)**	(76,283)
Investing Activities		
Exploration and evaluation expenditures	**(239,663)**	(51,187)
Net cash used in investing activities	**(239,663)**	(51,187)
Financing Activities		
Proceeds from private placements, net of issuance cost	**-**	389,758
Proceeds from exercise of share warrants	**535,525**	-
Net cash provided by financing activities	**535,525**	389,758
(Decrease) increase in cash	**(380,365)**	262,288
Effect of exchange rate changes on cash	**22,461**	-
Cash, beginning of the periods	**580,065**	116,793
Cash, end of the periods	**$ 222,161**	$ 379,081

Supplemental cash flow information (Note 9)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Hertz Lithium Inc. (the "Company") was incorporated February 15, 2019, in the province of British Columbia, Canada as Hybrid Ventures Inc., and on January 24, 2022, the Company changed its name to Hertz Lithium Inc. The Company's head office and registered address is located at 1055 West Georgia Street, 1500 Royal Centre, Vancouver, British Columbia, V6E 4N7, Canada.

The Company is engaged in the exploration and development of mineral resources, currently focusing on projects in Arizona, USA, Quebec, Canada, State of Minas Gerais, Brazil. Currently, the Company does not own any operating mines and has no operating income from mineral production. Funding for operations is raised primarily through public and private share offerings. It is not known whether the Company's mineral properties contain reserves that are economically recoverable. The recoverability of amounts recorded by the Company for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability to raise funding for continued exploration and development, the completion of property option expenditures and acquisition requirements, or from proceeds from disposition.

On February 9, 2022, the Company incorporated its wholly owned subsidiary, Hertz Lithium USA LLC. ("Hertz US") in the state of Utah to undertake exploration activities in the USA.

On September 15, 2023, the Company entered into a share exchange agreement to acquire 100% ownership of Canuck Lithium Corp. ("Canuck"), a private corporation registered in the province of Quebec. Canuck holds the options to acquire 100% interest in 264 mineral claims situated in the James Bay region of Quebec (the "ACDC Project, Quebec") (also see Note 4).

These condensed interim consolidated financial statements for the three months ended October 31, 2023, and 2022 (the "Financial Statements') have been prepared with the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company's ability to meet its obligations and maintain its current operations through the ensuing twelve-month period and thereafter is contingent upon successful completion of additional financing arrangements and ultimately upon the discovery of proven reserves and generating profitable operations.

Management expects to be successful in arranging sufficient funding to meet operating commitments for the ensuing year. However, the Company's future capital requirements will depend on many factors, including the costs of exploring and developing its resource properties, operating costs, the current capital market environment and global market conditions. As at October 31, 2023, the Company has not generated any operating income and has a cumulative deficit of $1,995,191 (July 31, 2023 - $1,462,421). Consequently, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. For significant expenditures and resource property development, the Company will depend almost exclusively on outside capital. Such outside capital will include the issuance of additional equity shares. There can be no assurance that capital will be available, as necessary, to meet the Company's operating commitments and further exploration and development plans.

The Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

Statement of compliance

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including International Accounting Standards ("IAS") 34 Interim Financial Reporting.

These Financial Statements have been prepared based on accounting principles and methods consistent with those used in the preparation of the audited consolidated financial statements for the year ended July 31, 2023. The accompanying Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2023. The Company's interim results are not necessarily indicative of its results for a full year.

Judgments and estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Business combination and asset acquisition

Judgement is required to determine whether the Company's acquisitions represented a business combination or an asset purchase. More specifically, management concluded that the Canuck acquisition does not represent a business, as the assets acquired were not an integrated set of activities with inputs, processes and outputs. An allocation of the purchase price to the individual identifiable assets acquired, including tangible assets and liabilities assumed based on their relative fair values at the date of purchase was required based on management estimates.

Other areas of significant estimates and judgements made by management for the three months ended October 31, 2023, in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Note 3 of the Company's audited financial statements for the year ended July 31, 2023.

(Unaudited - Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

These Financial Statements include the accounts of the Company and its subsidiaries, Hertz US and Canuck (see Note 4). Subsidiaries are all entities over which the Company has control. The Company controls an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Subsidiaries are deconsolidated from the date that control ceases. All intercompany balances and transactions have been eliminated upon consolidation.

Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the three months ended October 31, 2023, and have not been applied in preparing these financial statements. None of these pronouncements are expected to have a material impact on the financial statements.

4. ACQUISITION OF CANUCK LITHIUM CORP.

On September 15, 2023, the Company entered into a share exchange agreement (the “Share Exchange Agreement”) with Canuck Lithium Corp. (“Canuck”) and common shareholders of Canuck, pursuant to which the Company acquired 100% of the issued and outstanding common shares in the capital of Canuck in exchange of 23,150,001 common shares of the Company. The sole director and officer of Canuck is a close relative of a director and officer of the Company (Note 8).

On October 23, 2023 (the “Completion Date”), the Company completed the acquisition pursuant to the terms and conditions of the Share Exchange Agreement and issued 23,150,001 common shares of the Company valued at a $6,019,000 based the Company’s stock trading price at the Completion Date.

Canuck has rights to explore certain lithium properties located in the emerging hard rock lithium district in James Bay, Quebec, Canada (Note 6).

The Canuck acquisition was accounted for as an asset acquisition. The purchase price is allocated to the assets received at the Completion Date as follows:

	Purchase price allocation
Assets	
Cash	$ 186,831
Prepaid and deposits	125,000
Due from related party	30,000
Exploration and evaluation properties	6,002,792
Total Assets	**6,344,623**
Liabilities	
Due to related party	294,443
Accounts payable and accrued liabilities	31,180
Total Liabilities	**325,623**
Net assets	6,019,000
Net consideration paid	$ 6,019,000

(Unaudited - Expressed in Canadian dollars)

5. PREPAID EXPENSES AND DEPOSITS

The Company's prepaid expenses for the three-months periods ended October 31, 2023, and July 31, 2023, are composed of the following:

	October 31, 2023	July 31, 2023
Current Prepaid and Deposits:		
Advertising and marketing	**$ 528,109**	$ 56,974
Transfer agent and filing fees	**15,397**	17,951
Others	**9,798**	7,614
	$ 553,304	$ 82,539

6. EXPLORATION AND EVALUATION ASSETS

As at October 31, and July 31, 2023, the Company's exploration and evaluation properties are as follows:

	Lucky Mica Project, Arizona	Patriota Lithium Project, Brazil	ACDC and La Fleur, Quebec	Total
Balance July 31, 2022	**$ 76,490**	**$ -**	**$ -**	**$ 76,490**
Acquisition Cost:				
Shares issued	180,000	-	-	180,000
Cash payment	40,428	-	-	40,428
Foreign exchange translation	(10,277)	-	-	(10,277)
	210,151	-	-	210,151
Exploration and evaluation expenditures:				
Consulting expenses	21,176	-	-	21,176
Geological exploration expense	136,594	-	-	136,594
Testing and assaying	2,114	-	-	2,114
Prepayments	103,418	-	-	103,418
Foreign exchange translation	(7,041)	-	-	(7,041)
	256,260	-	-	256,260
Balance July 31, 2023	**$ 542,901**	**$ -**	**$ -**	**$ 542,901**
Acquisition cost:				
Acquired upon acquisition of Canuck	-	-	6,002,791	6,002,791
Cash payment	-	198,300	-	198,300
Foreign exchange translation	13,120	-	-	13,120
	13,120	198,300	6,002,791	6,214,211
Exploration and evaluation expenditures:				
Consulting expenses	2,379	-	-	2,379
Claims maintenance fee	26,605	-	-	26,605
Geological exploration expense	5,243	12,379	-	17,622
Foreign exchange translation	13,094	-	-	13,094
	47,321	12,379	-	59,700
Balance October 31, 2023	**$ 603,342**	**$ 210,679**	**$ 6,002,791**	**$ 6,816,812**

6. EXPLORATION AND EVALUATION ASSETS (continued)

Lucky Mica Project, Arizona:

On April 21, 2022, the Company entered into a property purchase agreement (the "Property Purchase Agreement #1") with Utah Mineral Resources LLC ('UMR') and Bullrun Capital Inc. ("Bullrun") to acquire an undivided 100% beneficial interest in 112 mineral claims located in the State of Arizona, USA. UMR and Bullrun collectively referred as the Vendor #1. Bullrun is controlled by an officer who is also the director of the Company. Pursuant to the Property Purchase Agreement #1, the Company is required to make the following payments:

a) Payment of USD150,000 (outstanding) in cash within 12 months of the effective date (April 21, 2023). On June 29, 2023, the Vendor #1 agreed to extend the payment date to April 21, 2024; and
b) Issue of 6,000,000 common shares (issued on August 29, 2022).

The Company also agreed to pay a 3% of Net Smelter Returns Royalty ("NSR Royalty") to the Vendor #1 upon commencement of commercial production from these claims. The NSR Royalty may be reduced at any time from 3% to 2% by paying $1,000,000 to UMR.

On June 8, 2022, the Company entered into another property purchase agreement (the "Property Purchase Agreement #2") with Marco Montecinos, Steve Hodges, and Jimmy Hodges (the "Vendor #2') to acquire an undivided 100% beneficial interest in 2 mineral claims located in the State of Arizona, USA in lieu of the following considerations:

a) Payment of USD30,000 (paid $38,965 on July 7, 2022) in cash on effective date;
b) Payment of USD30,000 (paid $40,428 on September 22, 2022) in cash within 6 months of the effective date; and
c) Issue 240,000 common shares of the Company on the date listing on stock exchange or electronic quotation system in Canada (issued on April 5, 2023).

The Company agreed to pay the Vendor #2 the NSR Royalty of 1% upon commencement of commercial production from these claims. The NSR Royalty may be extinguished at any time by paying $300,000 to the Vendor #2.

The above combined 114 mineral claims located in the State of Arizona, USA are known as Lucky Mica Project, Arizona.

Patriota Lithium Project, Brazil:

On August 4, 2023 (the "Effective date"), the Company entered into a property option assignment agreement (the "Assignment Agreement") with Brascan Resources Inc. ("Brascan", or the "Assignor"), BHBC Exploracao Mineral Ltda ("BHBC"), and RTB Geologia Mineracao Ltda ("RTB") (where BHBC and RTB together referred as the "Optionors") to acquire 100% beneficial interest in and to certain lithium prospects located in the state of Minas Gerais, Brazil. Pursuant to the Assignment Agreement, the Company agrees to:

a) Assume all of the Assignor's responsibilities, liabilities and obligations under the option agreement entered between Brascan and Optionors on the Effective date; and
b) Pay an aggregate of $148,300 (paid in full during the three months ended October 31, 2023) in cash to the Assignor, as follows:
    - $3,300 as reimbursement of claim maintenance fee paid by the Assignor, within two business days of the Effective date, (paid on August 8, 2023);
    - $15,000 within two business days of execution of the Assignment Agreement (paid on August 8, 2023);

6. EXPLORATION AND EVALUATION ASSETS (continued)

Patriota Lithium Project, Brazil (continued):

- $105,000 (in exchange for the Assignor issuing 3,000,000 common shares to the Optionors) within five business days of confirmation of the Assignor issuing the shares; (paid on September 1, 2023); and
- $25,000 on or by the date that is forty-five days from the Effective Date (paid on September 25, 2023); and

c) Pay $103,300 to BHBC or a third party under BHBC's order as follows:
   - $50,000 on or prior to September 20, 2023 (paid on October 13, 2023);
   - $3,300 to cover general mineral right taxes up to June 30, 2024; and
   - $50,000 on or prior to September 20, 2024.

d) Complete and report an investment on mineral exploration totaling $200,000 ($12,379 already spent as of October 31, 2023) to fund the work and development of the project, of which $100,000 on or before September 20, 2023 and $100,000 on or before September 30, 2024; and

e) Pay the Assignor $100,000 in cash within five (5) business days upon the confirmation of the existence of spodumene from surface sample assays results on the property grading minimum 1% lithium.

The Optionors will retain a 2% NSR with the Company having the option to repurchase 1% of the NSR for a cash payment of $500,000 for a period of two years after the commencement of commercial production.

ACDC and La Fleur Project, Quebec:

On January 31, 2023, Canuck entered into a property purchase agreement (the "Glenn Purchase Agreement) with Glenn Griesbach ("Glenn"), to acquire 100% beneficial interest in 58 mineral tenements located in Quebec, Canada, Pursuant to the Glenn Purchase Agreement, Canuck agreed to make the following payments:

a) Cash payment of $15,000 to Glenn (paid on January 31, 2023);
b) Issue 150,000 common shares of Canuck with 7 days of execution of this agreement (issued on August 16, 2023)
c) Issue 250,000 common shares of Canuck upon surface samples results returning samples on the 58 claims returning in excess of 1% lithium.
d) Issue 250,000 common shares of Canuck upon drill results returning minimum of 25 meters with assays of 1% lithium or greater.

Canuck agreed to pay Glenn the NSR Royalty of 2% upon commencement of commercial production from these claims. The NSR Royalty may be reduced by 1% at any time by paying Glenn $500,000.

On March 31, 2023, Canuck entered into a property purchase agreement with Prospectus Capital Inc. ("Prospectus"), to acquire 100% beneficial interest in 336 mineral tenements located in Quebec, Canada, of which 121 claims were additions to the ACDC property and 215 claims were additions to the La Fleur property, in exchange for following considerations:

a) Cash payment of $100,000 on or before thirty days after obtaining a public stock market listing on a recognized stock exchange; (vendor agreed not to claim until April 30, 2024) and
b) Issue 12,200,000 shares of Canuck to Prospectus or other persons as directed by Prospectus. (issued on August 16, 2023)

Canuck agreed to pay Prospectus the NSR Royalty of 2% upon commencement of commercial production from these claims.

6. EXPLORATION AND EVALUATION ASSETS (continued)

ACDC and La Fleur Project, Quebec (continued):

On July 4, 2023, Canuck entered into a property purchase agreement with Anna-Rosa Giglio and 9219-8845 QC. Inc. (collectively referred as the “Quebec Optionors”) , to acquire 100% beneficial interest in 125 mineral tenements located in Quebec, Canada in exchange of 3,000,000 common shares of Canuck (issued on August 16, 2023). Canuck agreed to pay the Quebec Optionors the NSR Royalty of 2% upon commencement of commercial production from these claims. The NSR Royalty may be reduced by 1% at any time by paying Anna $500,000.

7. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

As at October 31, 2023, the Company has 55,923,382 (July 31, 2023 – 30,629,181) common shares issued and outstanding.

Public and Private Placement Financing and Share Issuances

During the three months ended October 31, 2023:

Pursuant to the exercise of warrants, the Company issued 2,144,200 for gross proceeds of $535,525.

On October 23, 2023, pursuant to the share exchange agreement with Canuck, the Company issued 23,150,001 common shares to shareholders of Canuck.

During the year ended July 31, 2023:

On August 16, 2022, the Company issued 250,000 common shares at a price of $0.025 per share for total gross proceeds of $6,250.

On August 29, 2022, pursuant to the Property Purchase Agreement #1 (Note 6), the Company issued 6,000,000 common shares for a total value of $150,000 estimated based on the per share price received at the Company’s private placement completed on August 16, 2022.

On September 8, 2022, the Company issued 3,795,000 units at a price of $0.125 per unit for gross proceeds of $474,375 of which $86,250 was received before the year ended July 31, 2022. Each unit comprises of one common share and one common share purchase warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.25 per share for a period of two years from the date of unit issuance. The Company has allocated 100% proceeds to common share and $Nil to share purchase warrants by adopting the residual approach. The Company has paid $4,617 in cash as share issuance cost related to this financing.

On April 5, 2023, pursuant to the Property Purchase Agreement #2 (Note 6), the Company issued 240,000 common shares for a total value of $30,000 estimated based on the Company’s per share price received at its initial public offering (“IPO”) discussed below.

7. SHARE CAPITAL (continued)

Public and Private Placement Financing and Share Issuances (continued)

During the year ended July 31, 2023 (continued):

On April 6, 2023, the Company closed the IPO by issuance of 12,852,000 units (each, a "Unit") at a price of $0.125 per Unit, for aggregate gross proceeds of $1,606,500. Each Unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.25 per share for a period of two years from the date of issuance. The Company has allocated 100% proceeds to common share and $Nil to share purchase warrants by adopting the residual approach.

In connection with the IPO, the Company (i) issued the agent (the "Agent") an aggregate of 899,640 compensation warrants (the "Agent Warrants") valued at $64,330, each of which is exercisable into one common share of the Company at an exercise price of $0.125 for a period of two years from the date of issuance, and (ii) paid the agent a corporate finance fee of $50,000 consisting of $25,000 in cash and $25,000 in common shares based on $0.125 per share resulting total 200,000 common shares issued to the Agent. The fair value of the Agent Warrants is estimated using the Black Scholes Option Pricing model with the following assumptions: stock price – $0.125 per share; risk-free rate – 2.9%; expected life – 2 years; expected volatility – 108.99%; forfeiture rate – Nil and expected dividends – Nil. Volatility was estimated by using the historical volatility of other companies in the same industry during a similar period. Additionally, the Company has incurred $271,149 in cash as share issuance costs.

On June 7, 2023, the Company issued 50,000 common shares upon exercise of warrants at a price of $0.25 per share for gross proceeds of $12,500.

On July 6, 2023, the Company issued 2,180 common shares for exercise of broker warrants at a price of $0.125 per share for gross proceeds of $273.

On July 19, 2023, the Company issued 100,000 common shares for stock option exercise at a price of $0.19 per share for total gross proceeds of $19,000.

Stock Options

On August 29, 2022, the Company adopted and approved a stock option plan for directors, officers, employees, consultants or subsidiaries of the Company (the "Stock Option Plan"). The plan provides that the aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued and outstanding common shares at the time the options are granted.

On September 30, 2022, the Company granted an aggregate of 1,700,000 incentive stock options to directors, officers and consultants as per the Company's Stock Option Plan, with an exercise price of $0.125 per share for a period of five years from the date of grant. Out of the total options granted, 631,250 options were fully vested immediately at the grant date and the remaining 1,068,750 options will vest over a period of two years. The stock options were valued at $0.10 per option using Black-Scholes Option Pricing model with the following assumptions: stock price – $0.125 per share; risk-free rate – 3.32%; expected life – 5 years; expected volatility – 113.14%; forfeiture rate – Nil and expected dividends – Nil. Volatility was estimated by using the historical volatility of other companies in the same industry during a similar period.

(Unaudited - Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Stock Options (continued)

On April 20, 2023, the Company granted an aggregate of 750,000 incentive stock options to officers and consultants as per the Company's Stock Option Plan, with an exercise price of $0.19 per share for a period of two years from the date of grant. All stock options vested immediately. The stock options were valued at $0.14 per option using Black-Scholes Option Pricing model with the following assumptions: stock price – $0.19 per share; risk-free rate – 3.15%; expected life – 2 years; expected volatility – 158.02%; forfeiture rate – Nil and expected dividends – Nil. Volatility was estimated by using the historical volatility of other companies in the same industry during a similar period.

For the three-month ended October 31, 2023, the Company recorded $5,011 (three months ended October 31, 2022 – $74,968) as share-based compensation expense.

A summary of the movements of the number of stock options is presented below:

	For the period ended			
	October 31, 2023		July 31, 2023	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance, beginning	**1,750,000**	**$ 0.15**	-	$ -
Granted	**-**	**-**	2,450,000	0.15
Exercised	**-**	**-**	(100,000)	0.19
Cancelled	**-**	**-**	(600,000)	0.13
Outstanding, ending	**1,750,000**	**$ 0.15**	1,750,000	$ 0.15

The following table summarizes information concerning outstanding and exercisable stock options as at October 31, 2023:

Number of options outstanding	**Number of options exercisable**	**Exercise price**	**Remaining contractual life (years)**	**Expiry date**
1,200,000	1,062,500	$ 0.13	3.92	September 30, 2027
550,000	550,000	$ 0.19	1.47	April 20, 2025
1,750,000	**1,612,500**			

RSU

On October 24, 2022, the Company adopted and approved a rolling restricted share unit plan (the 'RSU Plan") authorizing the granting of restricted share units to the directors, officers, employees and consultants of the Company or subsidiaries of the Company.

The maximum number of common shares available for issuance pursuant to the RSU Plan, together with any shares reserved for issuance pursuant to any other share compensation arrangement, including but not limited to the Stock Option Plan, shall be determined from time to time by the directors of the Company, but in any case, shall not exceed 20% of the issued and outstanding shares (on a non-diluted basis) immediately prior to the issuance of RSUs. There are no RSUs issued and outstanding as at October 31, 2023 and July 31, 2023.

(Unaudited - Expressed in Canadian dollars)

7. SHARE CAPITAL (Continued)

Warrants

A summary of the movements of the number of warrants is presented below (also see Note 14):

	For the period ended			
	October 31, 2023		July 31, 2023	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
Balance, beginning	**17,494,460**	**$ 0.24**	-	$ -
Granted	**-**	**-**	17,546,640	0.24
Exercised	**(2,144,200)**	**0.24**	(52,180)	0.24
Balance, end	**15,350,260**	**$ 0.24**	17,494,460	$ 0.24

The following table summarizes information concerning outstanding and exercisable share purchase warrants as at October 31, 2023:

Number of warrants outstanding	**Number of warrants exercisable**	**Exercise price**	**Remaining contractual life**	**Expiry date**
3,795,000	3,795,000	$ 0.25	0.86	September 8, 2024
893,260	893,260	0.13	1.43	April 6, 2025
10,662,000	10,662,000	$ 0.25	1.43	April 6, 2025
15,350,260	**15,350,260**			

8. RELATED PARTY TRANSATIONS

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. The related party transactions not disclosed elsewhere in these financial statements are presented below.

As at October 31, 2023, due to related parties amounted to $407,578 (July 31, 2023 - $184,852) as below:

	As at	
	October 31, 2023	July 31, 2023
Current		
Companies controlled by the Chief Executive Officer ("CEO"), who is also a director of the Company	**$ 12,000**	$ 62,000
Loan owed to Colour Ties Capital Inc ("CTI") (by Canuck called "Loan payable")	**269,443**	-
Company controlled by the Chief Financial Officer ("CFO")	**-**	10,000
Company controlled by Corporate Development Officer ("CDO"), who is also a director of the Company	**7,525**	-
Due to directors	**9,221**	8,936
Non-current		
Company controlled by the CEO	**109,389**	103,916
	$ 407,578	$ 184,852

(Unaudited - Expressed in Canadian dollars)

8. RELATED PARTY TRANSATIONS (continued)

Amounts due to related parties, except loan payable, are non-interest bearing, unsecured and due on demand; except for the balance in the amount of $109,389 (July 31, 2023 - $103,916) owed to a company controlled by the CEO, who is also a director of the Company, agreed not to demand the repayment before July 31, 2025.

Canuck has entered a loan agreement with CTI for $265,000 dated May 5, 2023. This loan bears interest rate of 4% annually and is due on December 31, 2023. A director and officer of CTI is also the director and officer the Company.

During the three months ended October 31, 2023 and 2022, the Company incurred the following transactions with directors, senior officers and companies controlled by directors:

	Three months ended	
	October 31, 2023	October 31, 2022
Management fees (i)	**$ 85,500**	$ 43,050
Share based payments	**4,167**	72,730
Directors' fees	**11,252**	16,130
Accounting fees (ii)	-	10,025
Consulting fees	-	7,000
	$100,919	$ 148,935

(i) The management fees consist of following:

	Three months ended	
	October 31, 2023	October 31, 2022
Company controlled by the CEO (iii)	**$ 60,000**	$ 33,600
Company controlled by the CFO	**15,000**	9,450
Company controlled by the CDO	**10,500**	-
	$ 85,500	$ 43,050

(ii) For the period ended October 31, 2023, accounting fees of $Nil (October 31, 2022 – $10,025) was charged by a company controlled by the CFO. Furthermore, Consulting fees of $Nil (October 31, 2022 - $7,000) were charged by the former president of the Company.

(iii) The Company entered into a CEO consulting agreement dated September 13, 2022, pursuant to which, the Company agreed to pay CEO a consulting fee of $20,000 per month, plus a bonus of $150,000 upon the Company achieving a market capitalization of $20 million on the CSE or another recognized stock exchange, and a bonus of $250,000 upon the Company achieving a market capitalization of $40 million on the CSE or another recognized stock exchange. No bonus has been paid or accrued for the three months ended October 31, 2023 and 2022.

Key management compensation

The Company's key management includes the CEO, CFO, CDO, president and directors. The total remuneration to the key management has been disclosed in the above table. Key management personnel were not paid post-employment benefit, termination fees or other long-term benefits for the three months ended October 31, 2023 and 2022.

(Unaudited - Expressed in Canadian dollars)

8. RELATED PARTY TRANSATIONS (continued)

Canuck Acquisition

The Company acquired Canuck on October 23, 2023 as per the share exchange agreement dated September 15, 2023, where a party related to the CEO was sole director of Canuck before acquisition.

9. SUPPLEMENTAL CASH FLOW INFORMATION

Following is the non-cash financing and investing activities incurred by the Company during the periods ended October 31, 2023 and 2022:

	October 31, 2023	October 31, 2022
Cash paid for the periods for:		
Interest	**$ -**	$ -
Income tax	**-**	-
Non-cash financing activities		
Fair value of options vested	**5,011**	74,968
Fair value of agent warrants exercised	**300**	-
Non-cash investing activities:		
Fair value of shares issued for acquisition of Canuck	**6,019,000**	-
Shares issued for exploration activities	**$ -**	$ 150,000

10. CAPITAL MANAGEMENT

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to pursue the development of its mineral properties; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of its underlying assets.

To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and receivables. The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's capital management during the three months ended October 31, 2023.

As of October 31, 2023, the Company had a working capital surplus of $264,527 (July 31, 2023 – $473,963). Management expects to raise additional capital from the capital markets or from private placements of securities.

11. FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments are comprised of cash and cash equivalents, accounts payable and accrued liabilities, and due to related parties. The carrying value of these financial instruments approximate their fair value due to their short-term nature.

11. FINANCIAL INSTRUMENTS AND RISKS (continued)

Financial assets and liabilities measured at fair value on a recurring basis are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value financial assets and liabilities are described below.

Level 1 - Quoted Prices in Active Markets for Identical Assets
Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash is valued using quoted market prices in active markets. Accordingly, it is included in Level 1 of the fair value hierarchy. Due from related party, accounts payable, and due to related parties are expected to be settled in the short term, and these have been considered to represent their market value. Therefore, these have also been categorized as Level 1.

Level 2 - Significant Other Observable Inputs
Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

There are no items in Level 2 of the fair value hierarchy.

Level 3 - Significant Unobservable Inputs
Unobservable (supported by little or no market activity) prices.

There are no items in Level 3 of the fair value hierarchy.

Financial instrument risks

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit concentration risk by holding cash. This risk is minimized by holding the investments in large Canadian financial institutions. The Company has no accounts receivable exposure.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to minimal interest rate risk. Fluctuations in market interest rates do not have a significant impact on the Company's operations.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company does not have any financial instruments which are subject to market risks.

11. FINANCIAL INSTRUMENTS AND RISKS (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are uncertain, the liquidity risk increases. The Company's objective is to ensure that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company will prepare annual capital expenditure budgets which will be regularly monitored and updated as necessary. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

As at October 31, 2023, the Company had cash of $222,161 (July 31, 2023 - $580,065) and a working capital surplus of $264,527 (July 31, 2023 – $473,963). Being in the preliminary stage of exploration, the Company does not have any revenue generating mineral properties. In the past, Company has funded its operations through equity financing, and it is expected to do the same to settle accounts payable and accrued liabilities of $246,714 and the amounts due to the related parties of $298,189 which fall due for payment within twelve months of the statement of financial position date.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar or other foreign currencies will affect the Company's operations and financial results. The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies:

	October 31, 2023	July 31, 2023
Cash denominated in USD at head office	**$ 7,596**	$ 28,142
Accounts payable and accrued liabilities denominated in USD at head office	**1,500**	30,196
Due to related party	**$ 3,000**	$ -

Based on the above net exposures and if all other variables remain constant, a 10% change in the value of the foreign currency against the Canadian dollar would result in an increase or decrease of $429 (July 31, 2023 – $403) in loss from operation**.**

12. SEGMENTED INFORMATION

The Company currently operates in a single reportable operating segment: the acquisition, exploration, and development of mineral properties. The Company conducts its operations in Canada, USA, and Brazil. Since the Company does not have any revenue producing activities, there is no segment information by revenues.

13. COMMITMENTS

As per the Property purchase agreement dated March 31, 2023, between Canuck and Prospectus Capital Inc., the cash payment of $100,000 is due for payment after April 30, 2024. (see note 6).

14. SUBSEQUENT EVENTS

On November 16, 2023, pursuant to the exercise of warrants, the Company issued 610,000 common shares for gross proceeds of $152,500.

On December 20, 2023, the company closed a non-brokered private placement for gross proceeds of $2,537,400. The private placement consists of below:

a) 5,763,333 non-flow through units (the "Non-FT Units") at a price of $0.18 per Non-FT Unit for gross proceeds of $1,037,400, with each Non-FT Unit consisting of one common share and one share purchase warrant; and

b) 3,750,000 flow-through units (the "Charity FT Units") at a price of $0.40 per Charity FT Unit, for gross proceeds of $1,500,000, with each Charity FT Unit consisting of one common share and one share purchase warrant. Each Warrant entitles the holder thereof to purchase one additional common share (a "Warrant Share") for a period of 24 months from the closing date at an exercise price of $0.40 per Warrant Share.

On December 21, 2023, the Company entered into an option agreement with Sirios Resources Inc.(the “Sirios”) to acquire a 100% interest in the Maskwa property located in Eeyou Istchee James Bay in Quebec. In order to exercise the Company must:

a) Pay Sirios $100,000 within three business days of the execution of the option agreement.
b) Pay Sirios $100,000 in cash plus $100,000 either in cash or in common shares upon the earlier of (i) receipt of the surface sampling results from the laboratory engaged by the Company to carry out the analysis of the surface samplings from the Property, and (ii) December 20, 2024; and
c) Incur not less than $500,000 in exploration expenditures on the Property on or before December 31, 2024, incur an additional $750,000 in exploration expenditures on the Property on or before December 31, 2025, and incur an additional $1,000,000 in exploration expenditures on the Property on or before December 31, 2026, exclusive of any tax.

Further, the Company must pay Sirios $250,000 either in cash or in common shares upon the successful confirmation of drilling results indicating a lithium concentration of one percent (1% Li_2O) or more over 25 meters on the Property.

Upon the Company's exercise of the Option, it will also grant the Vendor a 1.5% NSR royalty on the Property. Additionally, the Company will grant the Vendor an option to purchase 100% of the mining rights related to the non-critical minerals located on the Property (the "Buy-Back Option"). In order to exercise the Buy-Back Option Sirios must reimburse the Company for all exploration expenditures incurred on the Property, up to a maximum of $2,000,000.